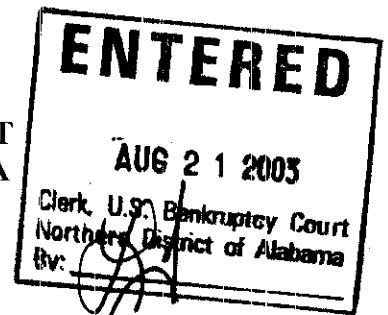


IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ALABAMA  
SOUTHERN DIVISION



In re:

MEADOWCRAFT, INC.,

Debtor.

)  
)  
)  
)  
)

Case No. 02-06910

Chapter 11 Proceeding

**CONFIRMATION ORDER**

THIS MATTER came before the Court for hearing (the "Confirmation Hearing") on August 21, 2003 to consider the Second Amended and Restated Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code filed on July 21, 2003 (the "Plan")<sup>1</sup> by Meadowcraft, Inc., debtor and debtor-in-possession (the "Debtor"). Appearances were noted in the record. On August 20, 2003, the Debtor filed the Certificate of Acceptance of Debtor's Second Amended and Restated Plan and Ballot Summary (the "Balloting Results"). After due and proper notice and hearing, the Court, based on the pleadings of record in this bankruptcy case, the Balloting Results, the evidence presented concerning feasibility and other aspects of the Plan, the arguments and representations of counsel, the stipulations of the parties announced on the record at the Confirmation Hearing, all other matters brought before the Court, and for good cause shown, the Court finds that the Plan is due to be confirmed pursuant to 11 U.S.C. § 1129. Wherefore, premises considered, the Court finds, determines and concludes as follows:

1. On September 3, 2002 (the "Filing Date") the Debtor filed a petition under chapter 11 of title 11, United States Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code"). Pursuant to Sections 1107 and 1108 of the Bankruptcy Code, the Debtor has continued to operate

---

<sup>1</sup> Capitalized terms in this Order, unless otherwise defined, shall have the meanings set forth in the Plan.

470

and manage its assets and affairs as a debtor-in-possession. No trustee or examiner has been appointed in the Debtor's bankruptcy case.

2. Confirmation of the Plan was sought by the Debtor pursuant to Section 1129 of the Bankruptcy Code and Bankruptcy Rule 3020.

3. This Court has jurisdiction over the matters concerning confirmation of the Plan pursuant to 28 U.S.C. § 1334. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. § 157(b).

4. By order entered July 21, 2003, the Court approved the Second Amended and Restated Disclosure Statement of Meadowcraft, Inc. Under Chapter 11 of the Bankruptcy Code (the "Disclosure Statement") as containing adequate information under Section 1125(a) of the Bankruptcy Code. Pursuant to the Court's order of July 21, 2003 approving the Disclosure Statement (the "Disclosure Statement Order"), and in compliance with Rule 3017(d) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Debtor transmitted to the Bankruptcy Administrator, all creditors, all equity security holders, all parties requesting notice, and other parties in interest copies of the Plan, the Disclosure Statement, an appropriate ballot to accept or reject the Plan, the Disclosure Statement Order, and the Confirmation Hearing Notice (the "Solicitation Package"). The Solicitation Package included good and sufficient notice of the hearing on confirmation of the Plan and the time within which acceptances, rejections and objections to the Plan were due to be filed. The notice provided was sufficient under Bankruptcy Rules 2002 and 3017. Good and sufficient notice has been given of the deadline for filing ballots accepting or rejecting the Plan, the deadline for filing objections to confirmation of the Plan, and of the Confirmation Hearing.<sup>2</sup>

---

<sup>2</sup> Due to conflicts in the Court's calendar, the Confirmation Hearing was changed from 2:00 p.m. on August 21, 2003 to 9:00 a.m. on August 21, 2003. On August 18, 2003, counsel for the Debtor served written notice of the

5. In open Court the Debtor announced the following technical modifications to the Plan (the "Modifications"):

- (a) The definition of "Effective Date" contained in Article I.A.61. is deleted and the following substituted in lieu thereof:

61. "Effective Date" means the earlier of the Satisfaction Date or September 5, 2003.

- (b) The first paragraph of Article IX.I., Vesting of Assets, is deleted and the following substituted in lieu thereof:

On the Effective Date, all of the Debtor's property shall vest in the Reorganized Debtor free and clear of all liens, claims and other encumbrances except as set forth in the Plan. All Causes of Action, all claims against third parties on account of, and all Causes of Action owned by or in favor of the Debtor, including the State Court Action, are hereby preserved, retained for enforcement solely and exclusively by and in discretion of the Reorganized Debtor and are vested in the Reorganized Debtor on the Effective Date. After the Effective Date, and subject to the Plan and Plan Documents, the Reorganized Debtor may buy, use acquire and dispose of assets, free of any of the restrictions contained in the Bankruptcy Code.

The foregoing technical corrections to the Plan are clerical in nature and do not adversely change the treatment of the claims of any creditor or the interests of any equity holder. The modifications are approved and the term Plan as used throughout this Order is deemed to mean the Plan, as modified by the Modifications.

- 6. The Plan divides creditors and holders of equity security interests into nine (9) classes.

---

change in the hearing time by facsimile upon all parties requesting notice and by regular mail upon all parties originally served with the Solicitation Package. The Court commenced the Confirmation Hearing at 9:00 a.m. on August 21, 2003. Moreover, the Court reconvened the Confirmation Hearing at 2:00 p.m. in the afternoon to ensure that an interested party did not appear to be heard. No interested party appeared at the reconvened Confirmation Hearing.

- (a) Class 1 consists of the holders of Allowed Priority Non-Tax Claims. Class 1 is not impaired under the Plan. Accordingly, Class 1 is deemed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code.
- (b) Class 2 consists of the holders of the Allowed Term Lenders Secured Claim. Class 2 is impaired. Of the members of Class 2 casting ballots, 100% in number and 100% in amount voted to accept the Plan. Accordingly, Class 2 has accepted the Plan.
- (c) Class 2B consists of the holders of the Allowed Secured Claim of First American. Class 2B is impaired. Of the members of Class 2B casting ballots, 100% in number and 100% in amount voted to accept the Plan. Accordingly, Class 2B has voted to accept the Plan.
- (d) Class 2C consists of the holders of Class 2C Allowed Other Secured Claims. Class 2C is not impaired under the Plan. Accordingly, Class 2C is deemed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code.
- (e) Class 3A consists of the holders of the Allowed Convenience Class Claims. Class 3A is impaired. Of the members of Class 3A casting ballots, 96.77% in number and 97.70% in amount voted to accept the Plan. Accordingly, Class 3A has accepted the Plan.
- (f) Class 3B consists of the holders of Allowed Unsecured Claims Other Than the Allowed Unsecured Claims Classified in Classes

3A, 3C, or 3D. Class 3B is impaired. Of the members of Class 3B casting ballots, 90.74% in number and 98.52% in amount voted to accept the Plan. Accordingly, Class 3B has accepted the Plan. Based upon such class acceptance and the terms of the Plan, the holders of the Term Lender Deficiency Unsecured Claim are deemed to have waived their right to receive a Class 3B Unsecured Note and shall receive no distribution under the Plan on account of the Term Lender Deficiency Unsecured Claim.

- (g) Class 3C consists of the holders of the Allowed Trust Unsecured Claim. Class 3C is impaired. Of the members of Class 3C casting ballots, 100% in number and 100% in amount voted to accept the Plan. Accordingly, Class 3C has accepted the Plan.
- (h) Class 3D consists of the holders of the Allowed Blount Unsecured Claim. Class 3D is impaired. Of the members of Class 3D casting ballots, 100% in number and 100% in amount voted to accept the Plan. Accordingly, Class 3D has accepted the Plan.
- (i) Class 4 consists of the holders of Allowed Equity Interests in the Debtor. Class 4 is impaired. Of the members of Class 4 casting ballots, 100% in number and 100% in amount voted to accept the Plan. Accordingly, Class 4 has accepted the Plan.

Accordingly, all classes of Claims and Equity Interests have voted to accept the Plan.

7. On August 19, 2003, a Limited Objection to Confirmation of Debtor's Second Amended and Restated Plan of Reorganization ("Limited Objection") was filed by First

American Bank Corp., Inc. ("First American"). On August 20, 2003, First American filed its Withdrawal of Limited Objection to Confirmation. On August 19, 2003, the Bankruptcy Administrator filed its Objection to Confirmation of Plan (the "Objection"). In open Court, the Bankruptcy Administrator withdrew the Objection. No other objections to the Plan were filed or heard at the Confirmation Hearing.

8. The findings of fact and conclusions of law announced on the record of the Confirmation Hearing are incorporated into this order by reference.

9. The Debtor has continued its daily operations since the Filing Date. The Plan's financial assumptions are reasonable, and the Debtor's projections appear to be obtainable. There is a reasonable likelihood that the reorganized Debtor will be able to make the payments called for in the Plan and continue to operate successfully.

10. The Plan complies with the applicable provisions of the Bankruptcy Code.

11. The Debtor, as a proponent of the Plan, has complied with the applicable provisions of the Bankruptcy Code.

12. The Debtor has proposed the Plan in good faith and not by any means forbidden by law.

13. Any payment made or to be made by the Debtor, or by a person issuing securities or acquiring property under the Plan, for services or costs and expenses in or in connection with the Debtor's case, or in connection with the Plan and incident to the Debtor's case, has been approved by, or is subject to the approval of, the Court as reasonable.

14. The Debtor, as a proponent of the Plan, has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the Debtor or any successor to the Debtor under the Plan. In addition,

the appointment to, or continuance in, any such office of any such individual, or entity, is consistent with the interests of creditors and equity holders and with public policy. The Debtor, as a proponent of the Plan, has disclosed the identity of any insider that will be employed or retained by the Debtor, and the nature of any compensation for such insider.

15. The Plan does not provide for any rate change that would require approval of a government regulatory commission with jurisdiction over the rates of the Debtor. Accordingly, Section 1129(a)(6) of the Bankruptcy Code is not applicable and has been satisfied.

16. With respect to each class of claims, such class has accepted the Plan or such class is not impaired under the Plan.

17. With respect to each impaired class of claims or interests under the Plan:

- (a) Each holder of a claim or interest of such class (i) has accepted the Plan; or (ii) will receive or retain under the Plan on account of such claim or interest property of a value, as of the Effective Date, that is not less than the amount that such holder would so receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date; or
- (b) Insofar as Section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, each holder of a claim of such class will receive or retain under the Plan on account of such claim property of a value, as of the Effective Date, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

18. Except to the extent that a holder of a particular claim has agreed to different treatment of such claim, the Plan provides that:

- (a) with respect to a claim of a kind specified in Section 507(a)(1) or 507(a)(2) of the Bankruptcy Code, the holder of such claim will receive on account of such claim cash equal to the Allowed amount of such claim. If incurred in the ordinary course of the Debtor's business, such claim shall be paid according to the terms and conditions of the particular transaction or agreement giving rise to such claim. Claims not incurred in the ordinary course of business but entitled to payment under Section 507(a)(1) or 507(a)(2) of the Bankruptcy Code shall be paid by the Debtor on the Effective Date or, if later, no later than the fifteenth (15th) Business Day after such Claim becomes Allowed;
- (b) With respect to a class of claims of a kind specified in Sections 507(a)(3), 507(a)(4), 507(a)(5) or 507(a)(6) of the Bankruptcy Code, each holder of a claim of such class will receive (1) cash in an amount equal to such claim on the Effective Date or, if later, on the fifteenth (15th) Business Day after such Claim becomes Allowed, or (2) at the option of the Reorganized Debtor, the legal, equitable and contractual rights to which said Allowed Priority Non-Tax Claims entitle the holders thereof shall remain unaltered by the Plan; and



- (c) With respect to a claim of a kind specified in Section 507(a)(8) of the Bankruptcy Code, the holder of such claim shall be paid by the Debtor on the Effective Date or, if later, on the fifteenth (15th) Business Day after such Claim becomes Allowed.

19. Classes 2A and 2B do not include any acceptances of the Plan by insiders of the Debtor. At least one class of claims that is impaired under the Plan has accepted the Plan, determined without including any acceptance of the Plan by an insider.

20. Confirmation of the Plan is not likely to be followed by liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor under the Plan.

21. All fees payable under 28 U.S.C. § 1930, as determined by the Court at the hearing on confirmation of the Plan, have been paid or the Plan provides for the payment of all such fees on the Effective Date.

22. The Plan provides for the continuation after the Effective Date of payment of all such benefits, if any, at the level established pursuant to subsection (e)(1)(B) or (G) of Section 1114 of the Bankruptcy Code, at any time prior to confirmation of the Plan, for the duration of the period the Debtor has obligated themselves to provide such benefits.

23. The Plan constitutes and embodies a good faith compromise and settlement of certain disputes resolved pursuant to the Plan, which compromise is fair, equitable and within the lowest point in the range of reasonableness, and is in the best interests of the Debtor, its estate and its creditors and satisfies the standards enunciated in In re Justice Oaks, II, Ltd., 898 F.2d 1544 (11<sup>th</sup> Cir. 1990).

24. The proponent of the Plan and the Plan comply with all requirements of Section 1129(a) of the Bankruptcy Code. Accordingly, the Plan is due to be confirmed under Section 1129(a) of the Bankruptcy Code.

NOW, THEREFORE, based upon the foregoing findings of fact and conclusions of law, the representations and stipulations of the parties, and the record of the Confirmation Hearing, which is incorporated into this Order by reference, it is hereby **ORDERED, ADJUDGED and DECREED**, as follows:

- A. The Plan is confirmed pursuant to Sections 1129(a) of the Bankruptcy Code.
- B. This Confirmation Order incorporates, approves, ratifies and authorizes each term and condition of the Plan and the transactions contemplated therein.
- C. Except as otherwise provided in the Plan on the Effective Date, in accordance with Sections 1141(b) and 1141(c) of the Bankruptcy Code, all property of the Debtor's estate and all other property dealt with by the Plan be, and it hereby is, vested in the Reorganized Debtor and is free and clear of all claims and interests of creditor and equity holders of the Debtor.
- D. **Administrative Expense Claims.**
  - i. **Fee Claims.** Except as provided by prior order allowing the employment of professionals in the ordinary course of business, Professional Persons or other entities asserting a Fee Claim must file and serve on the Debtor, the Creditors' Committee, and the

Bankruptcy Administrator, a Fee Application for final allowance of compensation and reimbursement of expenses no later than twenty (20) days after the Effective Date. Holders of Fee Claims that are required to file and serve Fee Applications for final allowance of their Fee Claims and that do not file and serve such Fee Applications by the required deadline shall be forever barred from asserting such Claims against the Debtor and the Reorganized Debtor or its respective property, and such Fee Claims shall be deemed discharged as of the Effective Date. Objections to a Fee Application for allowance of a Fee Claim must be filed and served on the Debtor, the Creditors' Committee and the applicant no later than thirty-five (35) days after the filing of the Fee Application for allowance of such Fee Claim. Allowed Administrative Expense Claims that are Fee Claims shall be paid by the Debtor no later than fifteen (15) Business Days after the date on which such Fee Claim becomes an Allowed Administrative Expense Claim by order of this Court or any other applicable order of this Court.

- ii. **DIP Facility Claims and Credit Support Claims.** Each Holder of a DIP Facility Claim or a Credit Support Claim shall file and serve on the Debtor and the Creditors' Committee a request for payment of such DIP Facility Claim or Credit Support Claim on or before the second (2<sup>nd</sup>) Business Day following the date of this Order. The request for payment shall include, at a minimum, (i) the

name of the Holder of the Claim, (ii) the amount of the Claim, (iii) a detailed breakdown of the components of such Claim, and (iv) the basis for such Claim. In the event the Debtor disputes the amount of such DIP Facility Claim or Credit Support Claim, the Debtor shall file a written objection to same on or before the fourth (4<sup>th</sup>) Business Day following the Confirmation Date and seek resolution of such Claim by the Bankruptcy Court prior to the Effective Date.

iii. **Other Administrative Expense Claims.** Requests for payment of an Administrative Expense Claim other than Fee Claims, DIP Facility Claims and Credit Support Claims arising before the Effective Date must be filed and served on the Debtor and the Creditors' Committee no later than thirty (30) days after the Effective Date. Each such request for payment of an Administrative Expense Claim must include, at a minimum, (i) the name of the Holder of the Claim, (ii) the amount of the Claim, (iii) the basis for the Claim, and (iv) documents evidencing or supporting the Administrative Expense Claim.

E. Failure to timely and properly file a request for payment of an Administrative Expense Claim as set forth in paragraph D, above shall result in the Administrative Expense Claim being forever barred and discharged. Objections to any such request may be made by the Debtor or any party in interest and such objections, if any, must be filed and served

on the Debtor and the Creditors' Committee and the requesting party by the later of twenty (20) days after the Effective Date or twenty (20) days after the filing of the applicable request for payment.

- F. In accordance with Article X.I. of the Plan, all Causes of Action held by the Debtor arising after the Filing Date based upon the Debtor's rights arising under Sections 542, 544, 545, 547, 548, 549 or 550 of the Bankruptcy Code shall be deemed abandoned and released by the Debtor if a Complaint asserting such Bankruptcy Causes of Action is not filed on or before the Effective Date.
- G. Subject only to the occurrence of the Effective Date, the assumption of all executory contracts and unexpired leases of the Debtor assumed pursuant to Article IX.A. of the Plan is hereby APPROVED in all respects pursuant to Section 365(a) of the Bankruptcy Code. By separate motion, the Debtor has requested the Court to establish the cure amounts due under the executory contracts and leases assumed pursuant to the Plan. The Court will rule upon such issues by separate order after hearing on such motion.
- H. The Plan shall be binding upon and inure to the benefit of the Debtor, the Reorganized Debtor, the holders of all Claims, the holders of all Equity Interests, their respective successors and assigns, whether or not such creditor or holder of Equity Interests is impaired under the Plan or has accepted the Plan.
- I. All settlements contained in the Plan are hereby approved.

- J. Except as otherwise provided in the Plan or in this Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made thereunder shall be in complete exchange for, and in full satisfaction, discharge and release of, all existing debts and Claims of any kind, nature or description whatsoever against the Debtor and the Estate Assets, and upon the Effective Date, all existing Claims against the Debtor and the Estate Assets shall be, and shall be deemed to be, exchanged, satisfied, discharged and released in full, except as otherwise provided in the Plan; and all holders of Claims shall be precluded and enjoined from asserting against the Debtor and the Estate Assets any Claim based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder filed a Proof of Claim, such claim is Allowed, or the holder of such Claim has accepted the Plan.
- K. Except as otherwise provided in Article III.A. of the Plan, effective upon the Effective Date, each holder of a Claim, Equity Interest or other party-in-interest, shall be enjoined from filing any claim, suit or cause of action of any kind against the Debtor or the Reorganized Debtor, its officers, directors, shareholders, employees, affiliates, members, principals, and agents based upon any act, conduct, omission, transaction or other activity of any kind or nature of the Debtor that occurred prior to the Effective Date.

- L. The Court shall retain jurisdiction over any disputes regarding orders of the Court or stipulations entered into in the chapter 11 case, and for the purposes specified in Article XII of the Plan and such other purposes as are consistent with Section 1142 of the Bankruptcy Code.
- M. This Confirmation Order incorporates, approves, ratifies and authorizes each term and condition of the Plan and the transactions contemplated therein.
- N. The Debtor is authorized and directed to execute and enter into such agreements, assumptions, assignments, instruments, documents of title, and releases as may be necessary or appropriate to effectuate the terms of the Plan. Specifically, the Debtor is authorized and directed to enter into the Exit Revolving Facility with The CIT Group/Business Credit, Inc., the Exit Revolver Lender, and to execute, consummate and deliver to the Exit Revolver Lender the Financing Agreement and all exhibits and schedules thereto, and all other documents, certificates, agreements, endorsements and instruments relating to the Exit Revolving Facility, including, but not limited to, promissory notes, mortgages, security agreements, UCC financing statements, intercreditor agreements, owner's affidavits, assignments of factoring proceeds, debt subordination agreements, and account control agreements. Further, the Debtor is authorized and directed to enter into the Exit Term Loan with the Exit Term Lender and to execute, consummate and deliver to the Exit Term Lender the Promissory Note and Term Loan Agreement and all exhibits and schedules thereto,

and all other documents, certificates, agreements, endorsements and instruments relating to the Exit Term Loan, including, but not limited to, promissory notes, mortgages, security agreements, UCC financing statements, intercreditor agreements, owner's affidavits, assignments of factoring proceeds, debt subordination agreements, and account control agreements. Further, the Debtor is authorized and directed to consummate the transactions contemplated in the Plan with the Term Lenders and is authorized and directed to execute and deliver to the Term Lenders or the Term Agent for the benefit of the Term Lenders, the Term Lender Loan Agreement, the Term Lender Restructure Security Agreement, the Term Lender Restructure Mortgage, the Term Lender Restructure Note, the Subordination Agreement, the Stockholder Agreement, the Stock Purchase Warrants, the Registration Rights Agreement, and all other documents, certificates, agreements, endorsements and instruments relating to the foregoing instruments, including, but not limited to, promissory notes, mortgages, security agreements, UCC financing statements, intercreditor agreements, owner's affidavits, assignments of factoring proceeds, debt subordination agreements, and account control agreements. Finally, the Debtor is authorized and directed to execute and deliver to First American a secured note consistent with the terms of the Stipulation and Agreed Order entered on June 4, 2003.

- O. As provided in Section 1146(c) of the Bankruptcy Code, the delivery of any instrument of transfer under the Plan shall not be taxed under any law



imposing a stamp tax or similar tax. The foregoing shall include, without limitation, the transfers contemplated to the Term Agent for the benefit of the Term Lenders under Articles V and VII.B. of the Plan, the transfers contemplated to be made to the Exit Revolver Lender in connection with the Exit Revolving Facility and the transfers contemplated to be made to the Exit Term Lender in connection with the Exit Term Loan. Appropriate governmental officials or agents are ordered and directed to forego the collection of any tax or governmental assessments and to accept for filing and recordation without the payment of any such tax or assessment any of the documents necessary or appropriate to effectuate the foregoing transfers under the Plan, including, but not limited to, the transfers to be evidenced by the documents described in paragraph N above.

- P. Promptly upon entry of this Order, the Debtor shall mail to all creditors and other parties-in-interest notice of the entry of this Order.
- Q. The failure to reference or discuss any particular provision of the Plan in this Confirmation Order shall have no effect on the validity, binding effect and enforceability of such provision and such provision shall have the same validity, binding effect and enforceability as every other provision in the Plan. To the extent that any inconsistency exists between the Plan and this Confirmation Order, the terms and conditions of this Confirmation Order shall govern.

R. All objections to the Plan are deemed withdrawn or are otherwise overruled.

DONE this 21<sup>st</sup> day of August, 2003.

  
\_\_\_\_\_  
THE HONORABLE TAMARA O. MITCHELL  
UNITED STATES BANKRUPTCY JUDGE